

31-008.06N Other Limitations: Other limitations to specific cost components of the rate are included in the rate determination provision of this system.

31-008.07 Rate Determination: The Department determines rates under the following guidelines:

31-008.07A Rate Period: The rate period for non-State operated facilities covers services provided January 1 through December 31 of each year. The rate period for State-operated facilities covers services provided July 1 through June 30 of each year.

31-008.07B Reporting Period: Each facility shall file a cost report each year for the twelve-month reporting period of July 1 through June 30 of each year.

31-008.07C Rates for Intermediate Care Facility for the Mentally Retarded (ICF/MRs) Excluding State-Operated ICF/MRs: Effective July 1, 1996, subject to the allowable, unallowable, and limitation provisions of this system, the Department of Social Services pays each facility a prospectively determined amount for reasonable and adequate costs during each rate period. The per diem rates are based on financial and statistical data from the most recent cost report period, submitted by the facilities. Individual facility prospective rates have four components:

1. The ICF/MR Personnel Operating Cost Component;
2. The ICF/MR Non-Personnel Operating Cost Component;
3. The ICF/MR Fixed Cost Component; and
4. The ICF/MR Ancillary Cost Component.

An ICF/MR facility's prospective rate is the sum of the above four components, subject to the rate limitation provisions of this system.

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1996

Effective 11/1/96

Transmittal # MS-90-8

31-008.07C1 ICF/MR Personnel Operating Cost Component: This component of the prospective rate includes salaries, wages, fringe benefits, the personnel cost portion of purchased services, and the personnel cost portion of management fees or allocated expense for resident care services and support services. The resident care services portion of the personnel operating cost component shall consist of direct care staff, direct care administration, active treatment, and medical services. The support services portion shall consist of dietary, laundry and housekeeping, property and plant, and administrative services.

Both the resident care services and the support services portions of the personnel operating cost component of the prospective rate are the lower of -

1. The allowable personnel operating cost per day as computed for the facility's most recent cost report period, adjusted by a percentage equal to 1 1/2 times the percent change in the CPI for the year ending September 30 following the most recent report period; or
2. The facility's Personnel Operating Cost Model, adjusted by a percentage equal to 1 1/2 times the percent change of the CPI for the year ending September 30 following the most recent report period.

31-008.07C1a Personnel Operating Cost Model: The personnel operating cost model cost per day for each facility is determined based on each facility's average actual occupancy per day limited to an average occupancy of not less than 15 residents per day, level of care resident mix, staffing standards, and reasonable wage rates as adjusted for reasonable fringe benefits.

31-008.07C1a(1) Level of Care Resident Mix: Need level is based on the ICF/MR client need status rating system in 471 NAC 31-010 ff. and reported to the Department on Form DSS-4, "Case Information Summary" (see 471-000-21). The June report corresponding to Reporting Period shall be used. Clients age five and younger are automatically classified as high need.

If a facility's resident population has increased/decreased by more than 15% during the rate period, a revised per diem based solely on the revised level of care resident mix may be requested. One revision per rate period is allowed. The revised per diem will be effective the first day of the second month following the month the request is received by the Department.

This data is subject to audit under 471 NAC 31-010.04.

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective 11/1/96

Transmittal # MS-90-8

31-008.07C1a(2) Staffing Standards: The following staffing standards, in combination with the standard wage rates as described in item (3), are used to determine each facility's efficient and adequate personnel cost. The 19 staff categories and respective standards are used to determine total efficient and adequate personnel cost and are not intended to be required staffing levels for each staff category. All standard hours per resident day are paid hours and, therefore, include vacation, sick leave, and holiday time.

The staff categories and standards, by resident classification level where appropriate, are as follows:

<u>Hours per Resident Day</u>				
<u>Staff Categories</u>	<u>High</u>	<u>Moderate</u>	<u>Low</u>	<u>All</u>
<u>Direct Care Staff</u>				
-Aides, attendants, houseparents, counselors, house managers	6.5160	3.0710	1.5400	---
<u>Direct Care Admin.</u>				
-QMRPs, residential service/program coordinators, direct care supervisors	---	---	---	0.9105

<u>Hours per Resident Day</u>				
	<u>High</u>	<u>Moderate</u>	<u>Low</u>	<u>All</u>
<u>Active Treatment Services</u>				
-Physical therapists & assistants	0.0620	0.0440	0.0220	---
-Occupational therapists & assistants	0.0830	0.0580	0.0290	---
-Psychologists	0.0940	0.0660	0.0330	---
-Speech therapists & audiologists	0.0700	0.0500	0.0250	---
-Social workers	0.1390	0.0990	0.0490	---
-Recreation therapists	0.1460	0.1030	0.0520	---
-Other professional & technical staff	0.4330	0.3060	0.1540	---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective 11/1/96

Transmittal # MS-90-8

Medical Services

-Health services supervisor	-----see description following-----
-Registered nurses	-----see description following-----
-LPN or vocational nurses	0.1975    0.1395    0.0700    --

Dietary

-Dietitian, nutritionists	---	---	---	0.0230
-Food service staff	---	---	---	0.5540

Laundry & Housekeeping

-Laundry & housekeeping personnel	---	---	---	0.3940
-----------------------------------	-----	-----	-----	--------

Property & Plant

-Maintenance personnel	---	---	---	0.3000
------------------------	-----	-----	-----	--------

Administration

-Administrator	-----see description following-----
-Assistant administrators	-----see description following-----
-Other support personnel	-----see description following-----

The standard for the Health Services Supervisor position is one full-time equivalent employee, which will result in a varying number of standard hours per resident day depending upon the number of resident days. The standard hours per resident day for registered nurses are: 0.1885 for high, 0.1335 for moderate, and 0.0665 for low, reduced by the Health Services Supervisor hours per resident day. However, these standard hours may not reduce the facility below one full-time equivalent for the combined Health Services Supervisor and R.N. positions.

The standard for the Administrator position is one full-time equivalent employee. The standard for assistant administrators is based on facility size and is as follows:

<u>Number of Residents</u>	<u>Number of Assistant Administrators</u>
1 to 100	None
101 to 200	1
201 to 300	2
301 to 400	3
401 to 500	4
501 and over	5

For other support personnel, the standard hours per resident day are 0.608, reduced by the assistant administrators' hours per resident day.

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective 11/1/96

Transmittal # MS-90-8

Substitute per letter dated 4/7/88

ATTACHMENT 4.19-D  
Page 37

31-008.07C1a(3) Standard Wage Rates: Wage rates for each personnel category will be determined annually based on the actual average wage rates of the Beatrice State Developmental Center for the current cost report period.

31-008.07C2 ICF/MR Non-Personnel Operating Cost Component: This component of the prospective rate includes all costs other than salaries, fringe benefits, the personnel cost portion of purchased services, and the personnel cost portion of management fees or allocated expenses for the administrative, dietary, housekeeping, laundry, plant related, and social service cost centers. The non-personnel operating cost component of the prospective rate is the lower of -

1. The allowable non-personnel operating cost per day as computed for the facility's most recent cost report period, adjusted by a percentage equal to 1 1/2 times the percent change in the CPI for the year ending September 30 following the most recent report period;
2. 110 percent of the mean allowable non-personnel operating cost per day for all ICF/MR facilities, adjusted by a percentage equal to 1 1/2 times the percent change in the CPI for the year ending September 30 following the most recent report period; or
3. 30 percent of the weighted mean for all ICF/MR facilities Personnel Operating Cost Model adjusted by the percent change of the CPI for the year ending September 30 following the most recent report period. The mean will be weighted by the Nebraska Medicaid ICF/MR days.

31-008.07C3 ICF/MR Fixed Cost Component: This component of the prospective rate includes the interest, depreciation, amortization, long-term rent/lease payments, personal property tax, real estate tax, and other fixed costs. The fixed cost component of the prospective rate is the allowable fixed cost per day as computed for the facility's most recent cost report period.

"The cost of providing basic cable television service, including applicable installation charge, is an allowable fixed cost. If the facility does not receive cable service, it is not required that it be installed. If the facility has reception only in common area(s), it is not required that it be extended to individual rooms. If it is the facility's policy to provide service throughout the facility to individual resident's rooms, it must be made available to Medicaid residents at no charge to them. If it is the facility's policy that each individual makes their own decision on cable service, and the resident deals directly with the cable supplier, then Medicaid residents must pay for their service."

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1993

Effective 11/1/96

Transmittal # MS-90-8

Substitute per letter dated 4/7/98

ATTACHMENT 4.19-D  
Page 37a

The fixed cost component of the prospective rate may be adjusted for capital purchases or changes in financial structure which are not reflected in the most recent report period's reported costs. Only interest and rent/lease costs are eligible to be adjusted. The resultant per day increase in cost must be 25 cents or more. The adjustment request submitted to the Department must include -

1. The reported cost to be replaced;
2. The full year equivalent of the new change;
3. The date the facility will realize the change;
4. Appropriate technical support for the change (workpapers, amortization schedules, etc.); and
5. Explanation and justification of the change.

---

Transmittal # \_\_\_\_\_

Approved JUN 30 1998

Effective 1/1/96

The request for changes which are not reflected in a cost report may be submitted up to a maximum of 75 days before the facility will realize the change. The Department must receive the request a minimum of 40 days before the effective date of service for proper review and processing. Rate changes may only be effective on the first day of a month; if the date on which a facility realizes the change is after the first day of a month, the rate change cannot be effective until the first day of the following month. For changes which are only partially reflected in a cost report, the adjustment request must accompany the submittal of the cost report.

The Department shall -

1. Review the request;
2. Approve or disapprove the request; and
3. Notify the facility of the determination, and effective date of the rate change, as necessary.

If any information provided to the Department changes between the date of submittal and the approved effective date, the corrected information must be submitted to the Department within 15 days of the effective date of the change. The provider shall refund to the Department all payments which are based on inaccurate information which has been provided to the Department.

Should the capital purchase/change in financial structure, which was a cause of a fixed cost component rate increase, cease to exist during the rate period, the provider shall notify the Department within 15 days. If the Department has prior knowledge that the change shall cease to exist, this notification will be deemed automatic. The fixed rate component increase will be discontinued effective the first day of the month following the date which the facility no longer incurred the cost.

31-008.07C4 ICF/MR Ancillary Cost Component: This component of the rate includes the ancillary cost center. The ancillary cost component of the prospective rate is the allowable ancillary cost per day as computed for the facility's most recent report period.

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective

11/1/96

Transmittal # MS-90-8

Substitute per letter dated 4/7/98

ATTACHMENT 4.19-D  
Page 39

31-008.07D Intermediate Care Facility for the Mentally Retarded Rates (for State-operated ICF/MRs): Effective January 1, 1996, the Department of Social Services pays State-operated ICF/MRs an amount equivalent to the reasonable and adequate costs incurred during each report period.

An interim per diem rate is paid during the calendar year Rate Period, based on financial and statistical data as submitted by the ICF/MR for the most recent Reporting Period. The interim rate is settled retroactively to the facility's actual costs, which determine the Final Rate. The rate has four components:

1. The Personnel Operating Cost Component;
2. The Non-Personnel Operating Cost Component;
3. The Fixed Cost Component; and
4. The Ancillary Cost Component.

The rate is the sum of the above four components. As a State-operated facility, payments cannot exceed the amount that can reasonably be estimated to have been paid under Medicare payment principles.

31-008.07D1 Interim Rate: The interim rate is a per diem paid for each inpatient day. An interim rate is paid during a calendar year rate period and then retroactively adjusted when final cost and census data is available. The Interim Rate is a projection and is intended to approximate the Final Rate as closely as is possible. Projections are made from known current data and reasonable assumptions, in accordance with provisions at 471 NAC 12-011.07D.

31-008.07D2 Final Rate: The Department pays each ICF/MR a retroactively determined per diem rate for the reasonable and adequate costs incurred and documented for the most recent reporting period.

31-008.07D3 Personnel Operating Cost Component: This component includes salaries, wages, fringe benefits, the personnel cost portion of purchased services, and the personnel cost portion of management fees or allocated expense for resident care services and support services. The resident care services portion shall consist of direct care staff, direct care administration, active treatment, and medical services. The support services portion shall consist of dietary, laundry, and housekeeping, property and plant, and administrative services.

Both the resident care services and the support services portions of the personnel operating cost component of the Final Rate are the allowable personnel operating cost per day as computed for the ICF/MR's most recent cost report period.

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective 11/1/96

Transmittal # MS-90-8



Substitute per letter dated 4/7/98

ATTACHMENT 4.19-D  
Page 40

31-008.07D4 Non-Personnel Operating Cost Component: This component includes all costs other than salaries, fringe benefits, the personnel cost portion of purchased services, and the personnel cost portion of management fees or allocated expenses for the administrative, dietary, housekeeping, laundry, plant related, and social service cost centers.

The Non-Personnel Operating Cost Component of the Final Rate is the allowable non-personnel operating cost per day as computed for the ICF/MR's most recent cost report period.

31-008.07D5 Fixed Cost Component: This component includes the interest, depreciation, amortization, long-term rent/lease payments, personal property tax, real estate tax, and other fixed costs.

The Fixed Cost Component of the Final Rate is the allowable fixed cost per day as computed for the ICF/MR's most recent cost report period.

31-008.07E Out-of-State Facilities: The Department pays out-of-state facilities participating in NMAP at a rate established by that state's Medicaid program at the time of the issuance or reissuance of the provider agreement. The rate will not exceed the maximum operating cost component plus the average fixed cost component being paid to Nebraska non-State-operated facilities for services in a similar care classification. The payment is not subject to any type of adjustment.

31-008.07F Initial Rates for New Providers: Providers entering the NMAP as a result of a change of ownership will receive rates as follows. The rate in effect at the time of the change in ownership will be paid to the new provider for the remainder of the rate period. For the next rate period, the cost reports for all owners during the report period will be combined. The combined report will be the complete cost report for that facility and will be used for rate determinations and limitation determinations.

Providers entering NMAP with a facility or level of care which is not in NMAP at the time will receive a prospective rate equal to the average prospective rate of all Nebraska non-State-operated facilities of the same care classification. The rate will change at the beginning of a new rate period. The rate will be based on the care class average until the provider's first rate period following participation in the program for one full report period.

---

Transmittal # MS-96-2

Supersedes

Approved JUN 30 1998

Effective 1/1/96

Transmittal # MS-90-8

31-008.08 Depreciation: This subsection replaces Medicare regulations on depreciation in their entirety, except that provisions concerning sale-leaseback and lease-purchase agreements (Medicare's Provider Reimbursement Manual (HIM-15), Section 110) are retained, subject to the following Medicaid depreciation regulations.

At the time of an asset acquisition, the facility shall use the American Hospital Association Estimated Useful Lives of Depreciable Hospital Assets, 1988 edition, to determine the useful life span. In the event that the facility determines a useful life shorter than a life shown in the tables, the facility shall have documentation available to justify the unique circumstances that required the shorter life. In determining the allowable basis for a facility which undergoes a change of ownership or for new construction, see 471 NAC 31-008.06J and 31-008.06K.

31-008.08A Definitions: The following definitions apply to depreciation:

Fair Market Value: The price that the asset would bring by bona fide bargaining between well-informed buyers and sellers at the date of acquisition.

Straight-Line Method: A depreciation method in which the cost or other basis (e.g., fair market value in the case of donated assets) of the asset, less its estimated salvage value, if any, is determined and the balance of the cost is distributed in equal amounts over the assigned useful life of the asset class.

31-008.08B Buildings and Equipment: An appropriate allowance for depreciation on buildings and equipment is an allowable cost. The depreciation must be -

1. Identifiable and recorded in the provider's accounting records;
2. Based on book value of the asset(s) in use before July 1, 1976. Book value for these purposes is defined as cost less depreciation allowed or allowable per American Hospital Association or Internal Revenue Service guidelines;
3. Based on the lesser of cost or fair market value at the time of purchase for a facility purchased or constructed after June 30, 1976. The basis for facility purchases or new construction may be subject to limitation (see 471 NAC 31-008.06J and 31-008.06K);
4. Based on the fair market value at the time of donation in case of donated assets. Depreciation on donated assets must be funded in order to be allowed; this requires that money be segregated and specifically dedicated for the purpose of replacing the asset; and
5. Prorated over the estimated useful life of the asset using the straight-line method of depreciation.

---

Transmittal # MS-96-2

Supersedes

Approved

JUN 30 1998

Effective

11/1/96

Transmittal # MS-90-8